

Tuesday, 2 July 2024

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by email only: contact@edq.qld.gov.au



Dear Ms McNamara

Feedback on the draft Economic Development (Affordable Housing) Amendment Regulation 2024

Thank you for the invitation to provide feedback on your draft Economic Development (Affordable Housing) Amendment Regulation 2024.

Delivering more affordable housing is core business for Greater Brisbane and we appreciate Economic Development Queensland and the Queensland Government at large taking this nation-building project seriously.

Key points

- › We support these arrangements in principle — but are concerned that specific framing incorrectly describes market and non-market housing.
- › It isn't useful to define either non-market nor affordable housing programmes by whether they have eligibility criteria or are subsidised by governments. They should be defined by the economic relationships at play.
- › Our housing discourse needs to move beyond “non-market housing is for poor people” because that impulse is what makes people see it as a punishment for their neighbourhood.
- › Our housing spectrum needs to contemplate non-market housing options that are not necessarily affordable. If we don't include commons housing — that is the broad range of democratic and not-for-profit housing models that exist in Australia and around the world — in our housing system, we exclude their potential in our future housing mix.
- › These arrangements should apply to existing priority development areas where it would not introduce more uncertainty to developments — and this application should happen without public notification.
- › Criteria need to be recalibrated to remove potential loopholes and inconsistent geographies that have plagued previous programmes.

Recommendations

1. Redefine the axes that define what is market and non-market housing in the Context and Spectrum sections.
2. Remove the category of “affordable market housing” from the housing spectrum. “Affordable by design” plays into unhelpful narratives around appropriateness of apartment design.
3. Relabel “affordable non-market housing” as “directly subsidised housing” that straddles both non-market and market.
4. Add commons housing as a category on the housing spectrum.
5. Apply these arrangements to existing priority development areas without the need for public notifications.
6. Ensure demographic information is collected in any public consultation and benchmarked against local census data to ensure underrepresented voices — especially renters — are heard.
7. Insert guidance that the criteria are listed in decreasing order of priority.
8. Develop alternative measures for local market rents for criteria (c).
9. Remove criteria (e).
10. Insert new criteria (i): *Housing which is run by democratic, not-for-profit organisations like cooperatives, mutuals or community land trusts for the long-term collective benefit of its residents, members and local community.*

While our driving purpose is to do whatever it takes to get more homes built where people want to live, Greater Brisbane and our network also works hard to make sure we think beyond the housing market and building industry we have today — and into what new horizons could be.

Part of that is making sure smaller but nonetheless important sectors like commons housing and not-for-profit builders are included in conversations about housing as a whole.

A rising tide lifts all boats. Greater Brisbane wants to see a much greater investment in non-market housing, especially in well-located areas like the Cross-River Rail sites and Northshore.

These are perfect for tens of thousands of new public, community and commons homes — alongside hundreds of thousands of new private homes.

We must ensure that our regulations are designed to maximise the delivery of both non-market and market homes is key to making housing fairer and more affordable.

We aren't experts in the delivery of non-market housing and what impacts these regulations might have on that — and we defer to others' expertise in that matter.

Our comments are more discursive than about the mechanics of the regulation — and in particular, about moving away from the default assumption that non-market housing, both in its development and provision, should only be for the most vulnerable people in our community.

These regulations should avoid the implication that the private market cannot deliver affordable housing.

Filtering and moving chains are powerful economic forces and increasing supply and increasing the vacancy rate have huge impacts on affordability. For the vast majority of Australians for the foreseeable future, increasing private supply faster than demand is the only thing that will keep housing affordable.

The challenges facing us are how we make sure that housing is delivered in well-located places that don't force people to rely on private cars — and ensuring there's a resilient and generous safety net with housing options appropriate for everyone.

Economic Development Queensland plays a key role in Queensland achieving our housing ambitions — but even the most ambitious precinct-level projects cannot replace city-wide upzoning for its ability to sustainably deliver housing affordability for everyone.

These regulations should also recognise that market housing is as subject to eligibility criteria — many of which can be opaque or discriminatory — as non-market housing. As an example, capacity to pay or the personal appeal of an applicant are as much eligibility criteria for housing as any stipulated by a government or community housing provider. Merely because their function is mediated by unaccountable third parties doesn't make them any less criteria by which someone's entitlement to a home are determined.

Private market housing is also heavily subsidised, both in their development and in people purchasing them. Some of these subsidies are explicit, some are beneficial tax arrangements and some are more opaque, like the implicit cost of infrastructure in greenfield development relative to infill.

All of this is to say, we don't believe it is useful to define either non-market nor affordable housing programmes by having eligibility criteria or by being subsidised by governments.

Our main concerns are around ensuring that the regulations are calibrated such that non-market housing and affordable housing programmes have their eligibility criteria set to ensure people on middle incomes can access them when they need it — while simultaneously ensuring what we define as affordable for the purpose of setting the price of rents is relative to the lowest incomes.

Miscalibrating this might result in circumstances where people on low incomes, particularly those reliant on social security payments, may nonetheless be unable to afford to live in these non-market homes.

This typically happens when prices are set relative to local market rents while eligibility is set relative to municipal or statewide median incomes — but can arise in many forms.

A consequence of this is also wanting to move away from talking about non-market housing as exclusively an affordability measure or one that is and should only be available to people on very low incomes rather than a broad ecosystem of housing options, many of which would be suitable to people on higher incomes.

Growing the share and scale of non-market housing should be seen in the context of a rising tide of more housing supply, growth that acts together to make housing better and more affordable for everyone.

In our view, rather than focusing on *intensity of eligibility criteria*, *level of government subsidy* or *individual capacity to pay* as the axes of your housing spectrum, it would be better and more accurate to define them by the economic relationships at work:

1. *tenure* — how much influence does the resident have over their decision to begin or end a tenancy and how vulnerable are they to eviction or becoming homeless;
2. *risk* — what is the risk appetite for the owner of the home and how exposed are they to market forces (for example, incentives to increase price or sell, or exposure to financial disruption or default); and
3. *power* — are decisions over tenure and risk made based on market incentives, by an abstract agency or bureaucracy, or democratically by the residents.

This might seem academic but it disconnects non-market housing from the aspects that make it controversial in the community and lead to community backlash.

We need to move beyond “non-market housing is for poor people” because that impulse is what makes people see it as a punishment for their neighbourhood.

Specific comments

Context and Spectrum

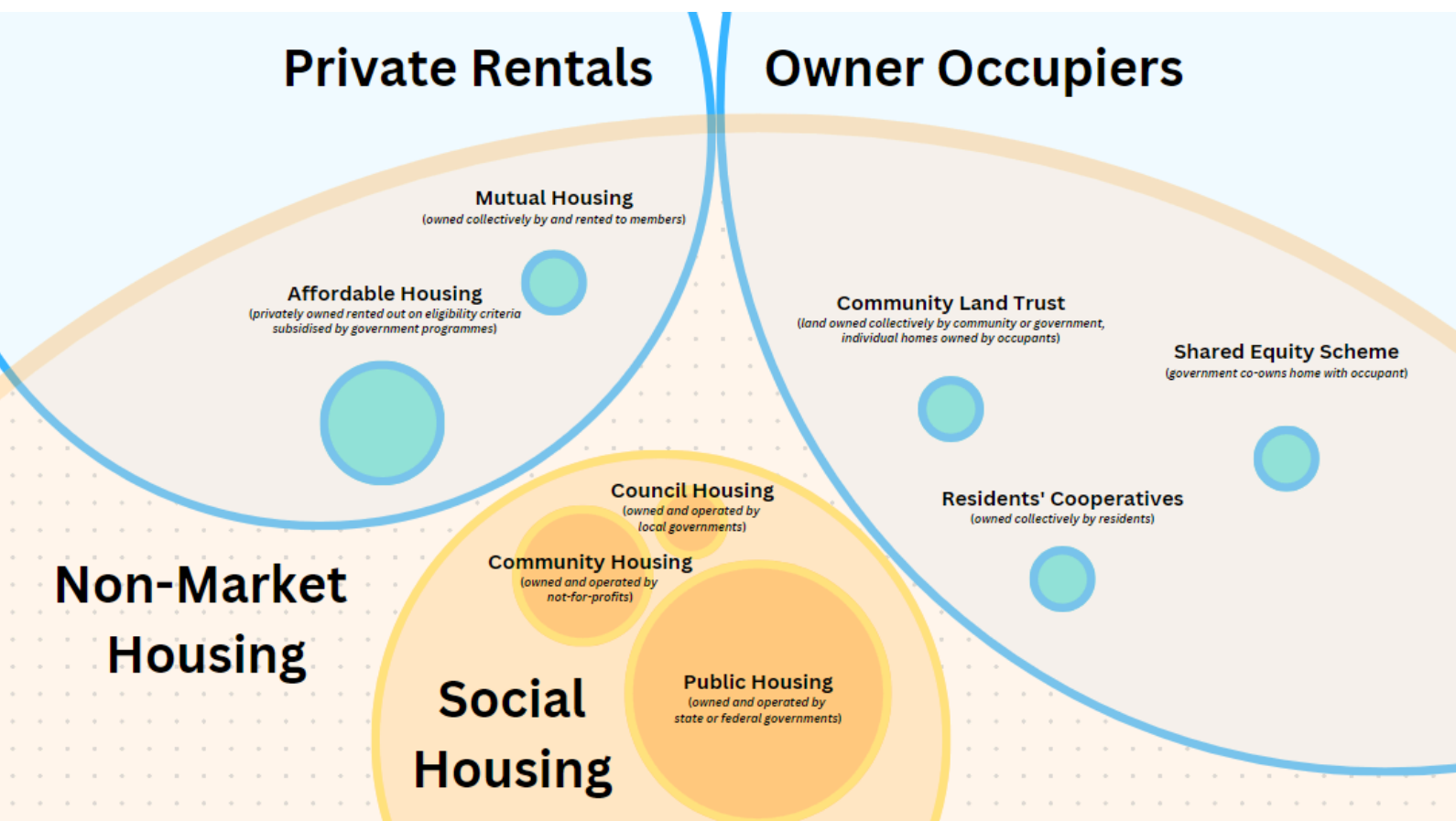
Defining non-market housing as housing that is sold or rented at less than its market value or market rent is incorrect. Whether housing is market or non-market is determined by its exposure to the risks and incentives of the private housing market.

There are many forms of non-market housing both in Australia and internationally that cost more to the resident than market housing but are nonetheless insulated from the effects of the broader market.

Key examples include community land trusts, shared equity schemes, mutual housing and residents' cooperatives, but may include more novel examples like experiments by teachers and nurses unions across Australia building housing for their members.

These can broadly be categorised as *commons* housing — housing that neither exists within private ownership nor public subsidy. Commons housing is simply housing that is under democratic control for the long-term benefit of its residents, members or community and cannot be used as a vehicle for private profit.

See this diagram to see how these forms may not neatly fall within the definitions EDQ have chosen:



While these forms are comparatively uncommon in Australia compared to direct rental subsidy programmes or public or community tenancies, they do exist and offer an important alternative to people seeking housing.

We also don't believe that the category of "affordable market housing" is a useful one. By characterising that as "affordable by design", we risk playing into "dogbox versus luxury" debate around apartments.

A home is not necessarily affordable because it is small, cheaply built or lacks finishes nor is a high quality home necessarily unaffordable on an open market. These are almost entirely defined by market conditions.

Likewise, the examples listed as "affordable non-market housing" are still examples of market housing.

Discount to market schemes and rental subsidy schemes are still subject to market forces, it's just that the government bears the financial risk of increased prices. These are definitionally not examples of non-market housing.

Greater Brisbane and the Abundant Housing Network generally prefer the term *directly subsidised* housing to *affordable* housing — and within that, whether the subsidy is affixed to the resident or to the property.

This moves us away from unproductive debates over whether a particular home is affordable or to who and into a more honest position of saying that this is a private market home that is subsidised by the government (or a for-purpose intermediary).

We would also like to see the explicit inclusion of commons housing in the housing spectrum.

Implementation plan

We support the implementation plan. EDQ's consultative approach is commendable.

One option we'd like to raise is the potential to apply these arrangements to existing priority development areas. Where doing so does not introduce more uncertainty and risk delivery delays, Greater Brisbane supports applying these social and affordable housing arrangements as broadly and quickly as possible — and without a public notification period.

As with all consultations, Greater Brisbane strongly encourages EDQ to adopt a representative approach to consultations in the final stages of implementation to ensure that a diversity of opinions are heard.

While not immediately relevant, when we get to the development schemes and applications stages, consultations should collect demographic information from members of the public taking part — critically, age, housing tenure and whether they are a renter, mortgagor, owner-occupier or own investment properties.

We know that planning consultations are dominated by a handful of older homeowners with views that do not reflect the majority of residents. We also know that many hyperlocal approaches to consultation exclude by design the voices of those who would most benefit from the project — renters, essential workers and people who aspire to live in these new homes.

Greater Brisbane has faith that Economic Development Queensland will ensure that high quality and genuinely engaging community consultation will be conducted while also ensuring that feedback is understood in the context of which demographics have disproportionately engaged.

Proposed affordable housing criteria

Notwithstanding our earlier points about housing discourse, the specific criteria set out in this section are very strong.

We support criteria (a) and (b) but express concerns about criteria (c). Both income range and affordable rent are defined by strict geographies — either local government for income range and individual household for affordable rents. Market rents are less clear.

There are so many layers of opaque mediation between a potential tenant and what determines market rent that it seems imprudent to rely on it for determining whether non-market housing is affordable in a given area, even when it is a very large aggregation of listings or bond lodgements.

We would hope that the majority of non-market homes provided under EDQ schemes would fall under either criteria (a) or (b).

However, given Queensland's geographically large and populous local government areas, we would encourage Economic Development Queensland to consider whether a smaller geography would be appropriate for determining median household income. Median household income in Milton would be very different to the median household income in Calamvale, and we should avoid circumstances where we exclude people who might have strong connections to a local community (like family, work, education or civic participation). We do not want people inadvertently displaced.

If the data is available and appropriate, Statistical Area 4 may be a more appropriate geography for determining median household income.

For affordable housing programmes in the private market, criteria (f) is a clear and intuitive definition of private affordable rents.

We would caution against overreliance on criteria (d) and we do not support criteria (e).

Criteria (d) would be almost impossible to determine at the point of developing a planning scheme since it is so dependent on what the immediate conditions of private financial markets are.

Criteria (e) on the other hand does not appear to have guardrails to ensure that the real price to the resident is affordable. Relying on average annual gross rental yield is far too abstract to ensure compliance or for a potential resident to understand.

We support criteria (g) and (h) — but we want to caution against an overprovision of affordable to purchase properties compared to affordable to rent.

In that sense, we believe these criteria are also listed in order of priority, in which those higher in the list should be more strongly encouraged and be of a higher proportion in the plan.

We encourage Economic Development Queensland to consider adding a criteria (i) under the heading “Other non-market housing” — *Housing which is run by democratic, not-for-profit organisations like cooperatives, mutuals or community land trusts for the long-term collective benefit of its residents, members and local community.*

Once again, thank you for the opportunity to contribute to this important work. Greater Brisbane is always happy to assist in Economic Development Queensland’s work.

Advocating for the delivery of public, community and commons housing in well-located areas is our core business.

Yours sincerely

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